

Message Text

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44

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 COME-00 INT-08 TRSE-00 OMB-01

GAC-01 SCEM-02 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

NEA-10 EUR-25 /136 W

----- 089466

R 170935 Z MAY 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5309

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E. O. 11652: N/ A

TAGS: ENRG, EIND, RP

SUBJ: OIL COMPANIES SEEK FURTHER PRICE INCREASE

REFS: A) MANILA 874 B) MANILA 1122 C) MANILA 2818

SUMMARY: OIL COMPANIES HAVE FILED PETITIONS WITH OIL INDUSTRY COMMISSION FOR INCREASES IN PRICES OF LOCALLY REFINED PETROLEUM PRODUCTS OF BETWEEN 0.79 AND 1.03 CENTAVOS PER LITER OVER AND ABOVE 2.15 CENTAVO PER LITER INCREASE REQUESTED IN FEBRUARY (REF C). COMPANIES MEETING WITH NEDA AND CHAIRMAN MATHAY MAY 17 TO DISCUSS PETITIONS. OIC HAS ALSO SCHEDULED HEARINGS MAY 23 ON DEALERS PETITION FOR 4 CENTAVO PUMP PRICE INCREASE WHICH DEALERS SEEKING TO OFFSET LOSS OF DISCOUNTS (REF B). COMPANIES NOT OPTIMISTIC THAT PRICE INCREASES WILL BE GRANTED IN NEAR FUTURE AS THEY SEE GOP EFFORT TO HOLD DOWN PRICES CONTINUING. END SUMMARY.

1. ON MAY 1 CALTEX FILED PETITION WITH OIC FOR SUPPLEMENTAL PRICE INCREASE OF 0.79 CENTAVOS PER LITER ON TOP AVERAGE 2.15 CENTAVO PER LITER INCREASE REQUESTED BY ALL COMPANIES IN FEBRUARY. ON MAY 3, MOBIL, ESSO AND SHELL ALSO SUBMITTED SUPPLEMENTAL PETITIONS. GETTY AND FILOIL HAVE FOLLOWED SUIT.
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LIKELIHOOD IS THAT OIC FOLLOWING PRECEDENT SET IN MARCH WILL ASK COMPANIES TO AGREE UPON INDUSTRY WIDE AVERAGE AS BASIS FOR UNIFORM PRICE INCREASE PETITION (REF C).

2. COMPANIES HAVE COMPLIED WITH OIC REQUEST FOR DETAILED INFORMATION ABOUT COMPANY OPERATIONS (REF C, PARA 2). IN MEETING MAY 17 COMPANIES WILL PRESS FOR IMMEDIATE PROVISIONAL INCREASE CITING JUSTIFICATIONS GIVEN IN FEBRUARY PETITIONS AND ADDITIONAL COST INCREASES SINCE THAT TIME WHICH INCLUDE:
A) INCREASE IN FREIGHT RATES, B) OPEC- ORDERED INCREASE IN CRUDE PRICES EFFECTIVE APRIL 1, C) INCREASE IN DUTY RELATED TO INCREASE IN CRUDE PRICES.

3. COMPANIES DO NOT BELIEVE GOP WILL ALLOW INCREASE IN NEAR FUTURE. THUS FAR THERE HAVE NOT BEEN FOLLOW- ON PRICE INCREASES (AFTER TWO CENTAVO OIL PRICE INCREASE EFFECTIVE JANUARY) IN INDUSTRIES WHICH RELY ON PETROLEUM PRODUCTS. FURTHER PRICE INCREASE BY OIL COMPANIES, HOWEVER, WOULD INCREASE PRESSURE IN THOSE AREAS AND UNDERMINE GOP ANTI-INFLATIONARY POLICY.
HAMILTON

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